

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2670 - Increase Gaming Tax (LSB 5566 HV.1)

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Fiscal Note Version - Revised

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**Description**

House File 2670 increases the percentage of adjusted gross receipts (AGR) from racetracks and excursion boat casinos that goes to the County Endowment Fund to 0.8%. The Bill also creates a standing appropriation of 0.1% of the AGR to the Department of Economic Development (DED) for purposes of marketing and tourism and provides that 0.1% of the AGR annually goes to the General Fund to fund the Endow Iowa Tax Credit. Additionally, the Bill eliminates the June 30, 2010, repeal of the Endow Iowa Tax Credit. The Bill takes effect on July 1, 2007.

**Background**

During the 2004 Legislative Session, HF 2302 (Gambling Act) increased the amount of AGR from 0.2% to 0.5% for the Gambler's Treatment Fund, created the County Endowment Fund, and provided that the Fund receives 0.5% of the AGR. Funds received by the County Endowment Fund are to be used by counties not having a licensed casino, to provide grants for charitable purposes.

**Assumptions**

Based on the most recent meeting of the Revenue Estimating Conference (REC) current law will generate \$6.3 million in FY 2007 for deposit in the County Endowment Fund. That estimate includes the four new excursion gambling boats being fully operational. This estimate assumes no increase in gambling revenues for FY 2008.

**Fiscal Impact**

The Bill will result in an estimated additional \$3.8 million deposited in County Endowment Fund, \$1.3 million appropriated to the DED for tourism and marketing, and \$1.3 million credited to the General Fund to fund the Endow Iowa Tax Credit in FY 2008. The Bill will also reduce funds to the Rebuild Iowa Infrastructure Fund by \$6.3 million.

**Source**

REC working papers

/s/ Holly M. Lyons

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March 20, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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